

2002

None

2001

None

2000

None

1999

None

1998

Wunschel vs. Preferred Communication Systems, Inc., Charles M. Austin, Jay R. Bishop and Pendleton C. Waugh--securities fraud claim in State of Iowa. Case dismissed for lack of jurisdiction in 2001.

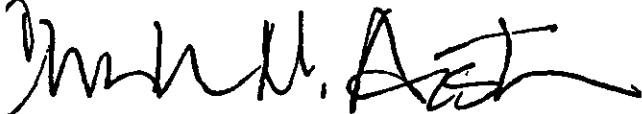
Telecellular, Inc. vs. Preferred Communication Systems, Inc., Charles M. Austin, Jay R. Bishop and Pendleton C. Waugh --state contract claim. Settlement agreement reached in July 1999 resulting in dismissal of this action with prejudice.

DECLARATION

1. I, Charles M. Austin, am President of Preferred Communication Systems, Inc., the addressee of that certain letter, dated December 27, 2006, from Hillary S. Denigro, Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission in file No. EB-06-IH-2212 ("Letter").
2. The foregoing responses on behalf of the Licensee to the information requested by Inquiries Nos. 1-40 in the Letter are based on my personal knowledge.
3. The Information provided in response to Inquiries Nos. 1-40 and the documents provided in response to those Inquiries are all of the responsive information and documents that I have identified to be in the Licensee's possession, custody, control or knowledge, after diligent search and review, as of the date of this Declaration. The Licensee is continuing its search and review to determine if there are other relevant responsive materials dating back to January 1998.
4. I have relied upon the assistance of Charles J. Ryan III, esq. counsel in drafting the responses to Inquiries Nos. 1-40.
5. I have relied upon Affidavits and oral interviews and discussions with Pendleton Waugh and Michelle Bishop in preparing certain responses which deal with the history and actions taken by the respective individuals.
6. I have been assisted in assembling the responses and documents to certain Inquiries by Michael Lawler, my office assistant.

declare under the penalty of perjury that the foregoing is true and correct.

Executed:



Charles M. Austin

AFFIDAVIT FROM MICHELLE BISHOP

I, Michelle Bishop do hereby affirm under the penalties of perjury that the following statements are true and accurate to the best of my knowledge and belief:

1. I served as Secretary and Treasurer for the company known as Preferred Communication Systems, Inc. ("Preferred" or the "Company") from approximately January 17, 1998 to May 31, 2001.
 2. I served as the original incorporating Director and as Vice President and Secretary for Preferred Acquisitions, Inc. ("PAI") from July 23, 1999 to May 31, 2001.
 3. During that period of time, I was an employee of Preferred Communication Systems, Inc. and received a W-2 from the Company reflecting my salary.
 4. I have not received any stock or other form of equity compensation either at the time of Preferred's incorporation or since such date directly or indirectly related to my employment.
 5. On or about May 31, 2001, I resigned from the position of Secretary and Treasurer of Preferred and Director, Vice President and Secretary of PAI after discussions between my husband, Jay R. Bishop, Mr. Charles M Austin, then President of Preferred and myself.
 6. From time to time since my resignation from my positions with Preferred and PAI, I have received phone calls from various people working for or with Preferred asking if I remembered actions that I took on various corporate matters including providing certain historical background and assisting Mr. Charles Austin in responding to a FCC Letter of Inquiry. I also have maintained a personal relationship with Charles M. Austin.
 7. My husband, Jay Bishop, was one of the "founding" or Core/Initial members of the Company. There currently exists a verbal agreement between Charles M. Austin on behalf of Preferred, my husband and myself that the Company would issue a total of 800,000 shares of Preferred's Common Stock to my husband as compensation for assisting in the start-up of Preferred, initially via direct shares of stock and ultimately through a trust arrangement.
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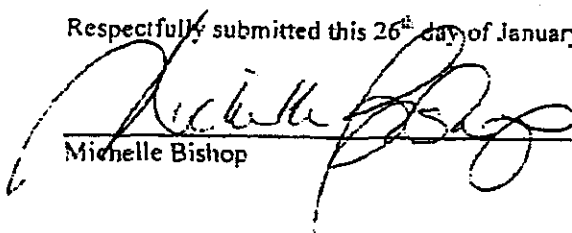
8. As of the date of this affidavit, no shares of stock have been issued by Preferred to my husband or to me either directly or indirectly, and no trust has been formed.
9. I drafted and prepared certificate 17 (C-17) for transfer to the Raymond A. Hebrank Voting Trust for the Benefit of Mr. Pendleton Waugh, but as no trust had been created (no EIN provided to me and no funds were paid to me), I could not transfer the certificate.
10. During my tenure as secretary of Preferred no shares were transferred to the Raymond A. Hebrank Voting Trust, Mr. Waugh, Mr. Hebrank, or to any other trust or other entity for the benefit of Mr. Waugh.
11. In preparation for the Federal Communications Commission Auction #34 in 2000, I prepared FCC Form 175 on behalf of PAI. I typed into the form the information to the best of my then knowledge and belief to be accurate and true.
12. At the time of preparation of Form 175, I had the assistance of Pendleton Waugh and David Kaufman, an attorney with considerable FCC experience. Mr. Kaufman dictated to me the language that was included in the two footnotes in Form 175 concerning the verbal agreements between the Company and the Raymond A. Hebrank Voting Trust and my husband and me for Preferred to transfer 800,000 shares of Common Stock to (1) the Raymond A. Hebrank Voting Trust and (2) a voting trust to be established by my husband and me and the need for Preferred to file a transfer of control application with respect to such verbal agreements for FCC approval prior to the transfer of such shares. Moreover, Mr. Kaufman explained to me that since Mr. Austin then owned more than 50% of the issued and outstanding shares of the Company's stock he was considered for purposes of determining his indirect ownership of PAI, the FCC Auction #34 applicant, the holder of 100% of the issued and outstanding shares of the PAI. I therefore recoded Mr. Austin's indirect ownership of the applicant in Form 175 as 100%.
13. At the time of preparing Form 175, I was aware of various ongoing discussions between my husband, Mr. Austin, Mr. Hebrank and Mr. Charles Guskey pertaining to their respective share

ownership of the Company. However, to the best of my knowledge and belief, no resolution of share ownership of Preferred occurred either before, during or after FCC Auction #34.

14. Consistent with my understanding from Mr. Kaufman at the time of preparing Form 175, I subsequently prepared FCC Forms 601 & 602 utilizing the same information and beliefs that I had at the time of creating Form 175, as no changes had occurred to resolve the outstanding share ownership of Preferred.

15. I do not have a current resume.

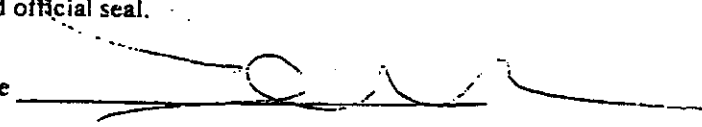
Respectfully submitted this 26th day of January 2007:

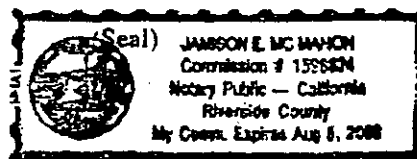

Michelle Bishop

NOTARY ACKNOWLEDGMENT

State of California
County of Riverside

On 01/26/2007 before me, Jamison E. McMahon, Notary Public, personally appeared - Michelle Bishop, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.

Signature 



Affidavit of Pendleton C. Waugh

I, Pendleton C. Waugh, hereby do affirm under penalty of perjury that the statements set forth below are true and accurate to the best of my knowledge and belief:

1. I have been provided a copy of a Letter of Inquiry ("LOI") from the Federal Communications Commission ("FCC" or "Commission") to Preferred Communication Systems, Inc. ("Preferred" or the "Company") dated December 27, 2006 and have read the LOI in its entirety.
2. In January 1995 I was convicted in the U.S. District Court for the Northern District of Texas of conspiracy to violate the currency transaction reporting statute and sentenced to twenty-one (21) months incarceration. I also was fined \$20,000. My sentence later was reduced to fifteen (15) months incarceration. The facts and circumstances involving this conviction occurred during July-August 1992.
3. In May 1999 I was convicted in a Dallas County criminal court of securities fraud involving \$72,000 and sentenced to four (4) years probation. Pursuant to such probation, I was required to pay \$72,000 as restitution and provide five hundred (500) hours of community service. The securities fraud charges were based upon the failure of a limited liability company to disclose certain facts to seven of its members. The facts and circumstances involving this conviction occurred during September 1993-April 1994.
4. Since my conviction in 1995 I have acknowledged both publicly and privately that due to FCC rules and policies relating to Character qualifications that I am prohibited from having any authority over any license granted by the Commission.
5. I have neither served in any management position with Preferred or any of its subsidiary corporations nor performed any management functions with the Company or its subsidiary corporations.
6. Since August 1998 I have served as a consultant to Preferred. I have received a Form 1099 for each of the years I have performed consulting services and been compensated by the Company.
7. I have never been issued shares of stock of Preferred or any of its subsidiaries.
8. I am not the beneficiary of any trust that has been issued shares of stock of the Company or any of its subsidiaries.
9. Although I was not a founder of Preferred, I typically was included in the "Core Group" in memoranda and spreadsheets prepared by various parties to seek resolution of disputes between certain individuals and the trustee of the Raymond Hebrank Voting Trust with respect to the equity ownership of the Company.

10. Contemporaneously with the formation of Preferred, Charles Austin, Jay Bishop and I agreed verbally that each us, or our designated assigns, would hold one-third (1/3) of the equity ownership of the Company. At that time each of us understood that due to my previous criminal conviction I could not directly hold shares of the Company's stock.
 11. In early 2000 I sought to create a voting trust complying with both FCC and Securities and Exchange ("SEC") rules. Based upon these rules as I understood them, I requested that Charles Austin and Jay Bishop identify one or more candidates with whom I had no prior business or personal relationship and who would be willing to serve as trustee of such a trust.
 12. In March 2000 Charles Austin invited me a meeting in Palm Springs, California to meet with Raymond Hebrank. I had never talked with or met Mr. Hebrank prior to such meeting. At the conclusion of such meeting, Mr. Hebrank agreed to serve as trustee of a voting trust to be established on my behalf and I accepted him as the trustee for such trust upon the terms and conditions set forth in the Trust Agreement dated April 14, 2000 attached hereto as Exhibit 1.
 13. Due to a lack of funds in 2000 and thereafter, I failed to pay Mr. Hebrank for his services as trustee of the Raymond A. Hebrank Voting Trust until October 2006.
 14. I have never received documentation including, but not limited to, tax returns, or any other tax documents, proxies, or other voting information, annual reports, updates of Company information which would have been mailed to the trust on my behalf in the ordinary course of business.
 15. In April 2005, Mr. Hebrank and I amended and restated the Raymond A. Hebrank Voting Trust Agreement.
 16. As of the date of this affidavit, I do not have a financial interest in Preferred or any of its subsidiary corporations.
 19. As of the date of this Affidavit, to my knowledge and belief no voting trust has been created for the benefit of and no shares of the Company's stock have been issued to Jay Bishop and/or Michelle Bishop.
 22. To my knowledge and belief, Preferred Spectrum Acquisition, Inc. ("PSA") was formed as a wholly-owned subsidiary corporation of Preferred to participate in FCC Auction #44. When it failed to raise a sufficient deposit to bid on upon a considerable number of licenses, Preferred determined not to participate in that Auction. To my knowledge and belief, PSA has been inactive since 2004.
 23. To my knowledge and belief, Preferred Partners, LLC ("Preferred Partners") was formed to participate in FCC Auction #58. To my knowledge and belief, Preferred and Charles M Austin was unaware of the creation of this limited liability company by certain individuals participating in raising funds for Preferred. When this limited liability
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company failed to raise considerable funds for a deposit to bid upon several licenses in this Auction, its management determined not to participate in the Auction. To my knowledge and belief, this limited liability company has been inactive since 2005.

24. During 2000, I borrowed approximately \$20,000 from Chandu Patel to assist me in paying the monthly restitution amounts to the Dallas County Adult Supervision Department. To date, I have lacked the funds to repay any of the amount advanced.

Pendleton C. Waugh
Pendleton C. Waugh

Witness my hand and seal this 26 day of JANUARY 2007

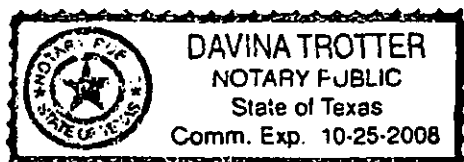
County of Dallas

State of Texas

I, DAVINA Trotter, a notary public for the State of Texas, county of Dallas, do hereby acknowledge that Pendleton C. Waugh did personally appear and make himself known to me and did further swear, affirm, and attest to the statements made in this affidavit as being the truth to the best of his knowledge and belief

Davina Trotter
Notary Public

Commission expires: 10-25-2008



C-17

Incorporated under the laws of the State of Delaware

800,000

Preferred Communication Systems, Inc.

Total Authorized Issue 15,500,000 Shares

15,000,000 Shares \$0.001 Par Value
Common Stock

500,000 Shares \$0.001 Par Value
Series A 11% Cumulative Convertible Preferred Stock

See References for
Certain Provisions

THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUEST SHOULD BE ADDRESSED TO THE SECRETARY OF THE CORPORATION.

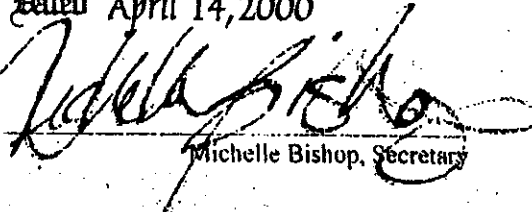
This is to Certify that Raymond A. Hebrank, Trustee of the Pendleton C. Waugh Voting Trust is the owner of
EIGHT HUNDRED THOUSAND AND NO/100

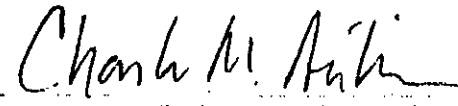
Fully Paid and Non-Assessable Shares of Common Stock of
Preferred Communication Systems, Inc.

transferable only on the books of the Corporation by the holder thereof in person or by a duly authorized Attorney upon surrender of this Certificate properly endorsed.

Witness, the seal of the Corporation and the signatures of its duly authorized officers.

Dated April 14, 2000


Michelle Bishop, Secretary


Charles M. Austin, President

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VOTING TRUST AGREEMENT

This VOTING TRUST AGREEMENT, dated as of April 14, 2000 between Pendleton C. Waugh ("Waugh"), a person entitled to receive shares of Common Stock of Preferred Communication Systems, Inc., a Delaware corporation ("Preferred") and Ray A. Hebrank, in his individual capacity only as expressly stated herein and otherwise not in his individual capacity but solely as trustee hereunder (herein in his capacity as trustee, with his permitted successors and assigns, the "Voting Trustee").

WITNESSETH:

ARTICLE I

Section 1.1 Certain Definitions. Unless the context otherwise shall require, the capitalized terms used herein shall have the respective meanings contained in this Section 1.1 for all purposes hereof. All definitions contained in this Section 1.1 equally shall be applicable to both the singular and plural forms of the defined terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Designated Shares" means the 800,000 shares of Preferred Communication Systems, Inc. Common Stock, par value \$.001 per share, to be issued to the Voting Trust established by this Agreement.

"For Cause" means breach by the Voting Trustee of his obligations expressly set forth in this Agreement.

"Liens" means any mortgage, lien pledge, charge, security interest, encumbrance, privilege, or priority of any kind, including without limitation, any conditional sales agreement, capital lease agreement, capital lease or other title retention agreement.

"Trust Estate" means all estate, right, title and interest of Waugh in and to the Designated Shares, together with all dividends and other distributions thereon.

ARTICLE II

GRANTING CLAUSE

DECLARATION OF TRUST

Section 2.1 Granting Clause. Waugh hereby grants, bargains, sells, assigns, transfers and conveys unto the Voting Trustee and his successors and assigns all of his right, title and interest in and to the Trust Estate.

Section 2.2 Declaration of Trust. The Voting Trustee hereby declares that he shall hold the Trust Estate for the use and benefit of Waugh as more particularly set forth in Article III hereof.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

Section 3.1 Payments to Voting Trustee; Other Parties. All payments of any kind included in the Trust Estate received by the Voting Trustee and any other amount received as part of the Trust Estate and for the application or distribution forthwith upon receipt is made herein, shall be distributed forthwith upon receipt by the Voting Trustee in the following order of priority: first, so much of the payment as shall be reasonable to reimburse the Trustee for any reasonable out-of-pocket expenses not otherwise paid as to which the Voting Trustee is entitled to be reimbursed pursuant to the provisions hereof shall be retained by the Voting Trustee; and second, the balance, if any, shall be paid to Waugh.

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Section 3.2 Method of Payments. In the case of distributions that are to be made by the Voting Trustee to Waugh pursuant to this Article III, such distributions shall be made by transferring by wire transfer the amount to be distributed to such account or accounts of Waugh, or such other accounts of other persons, as Waugh may by writing designate from time to time to the Voting Trustee.

ARTICLE IV

DUTIES OF THE VOTING TRUSTEE

Section 4.1 Action Upon Instructions. Subject to the terms of Article VII and Section 4.2 hereof, upon the written instructions at any time and from time to time of Waugh, the Voting Trustee shall take such of the following actions as may be specified in such instructions: (i) give such notice or direction, or exercise such right, remedy or power hereunder, or in respect of all or any part of the Trust Estate, or take such other action as shall be specified in such instructions and (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions.

Section 4.2 Indemnification of Voting Trustee. The Voting Trustee shall not be required to take any action under Section 4.1 (other than the giving of notices referred to therein) hereof unless the Voting Trustee shall have been indemnified by Waugh (including pursuant to Section 6.2 hereof) or another person acceptable to the Voting Trustee, in manner and form satisfactory to the Voting Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) that may be incurred in connection therewith. Moreover, if Waugh shall have directed the Voting Trustee to take any such action or refrain from taking such action, Waugh agrees to furnish, or cause another person to furnish, such indemnity as shall be required and, in addition to, pay reasonable compensation to the Voting Trustee for the services he has performed or will perform pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Voting Trustee in connection therewith.

Section 4.3 No Duties Except as Specified in This Agreement. Except as expressly required by the terms of any of the agreements to which the Voting Trustee is a party, the Voting Trustee shall not have any duty, power or obligation to manage, control, use, sell, convert, exchange, dispose of, or otherwise deal with the Designated Shares, or any interest therein or any part of the Trust Estate, or otherwise take or refrain from taking any action under, or in connection with any of the documents to which the Voting Trustee is a party. The Voting Trustee agrees that he shall, in his individual capacity and at his own cost and expense (but without any right of indemnity in respect of such cost and expense under Article VI hereof), promptly take such action as may be necessary to duly discharge and satisfy in full all Liens attributable either to actions taken by him or his failure to act in violation of this Agreement or of any other agreement to which he is a party.

Section 4.4 No Action Except Under This Agreement. The Voting Trustee agrees that he shall not manage, control, use, sell, convert, exchange, dispose of, or otherwise deal with the Designated Shares or any part of the Trust Estate except as expressly provided by the terms hereof.

ARTICLE V

THE VOTING TRUSTEE

Section 5.1 Acceptance of Trust and Duties. The Voting Trustee in his individual capacity accepts the trust hereby created and agrees, as Voting Trustee, to perform the same but only under the terms hereof applicable to his duties. The Voting Trustee also agrees to receive and disburse all monies received by him constituting part of the Trust Estate upon the terms hereof. The Voting Trustee, in his individual capacity, shall not be answerable or accountable under any circumstances, except for: (a) his own willful misconduct or gross negligence; (b) performance of the terms of the last sentence of Section 4.3, and (c) his failure to use ordinary care to disburse funds.

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Section 5.2 No Segregation of Monies Required; No Interest. Except to the extent required by law, monies received by the Voting Trustee hereunder need not be segregated in any manner. The Voting Trustee may deposit such monies as may be required under such general conditions as may be prescribed by law. The Voting Trustee shall not be liable for any interest thereon.

Section 5.3 Reliance Upon Certificates. The Voting Trustee shall incur no liability to anyone acting in reliance upon any signature, instrument, notice resolution, request, consent, order, certificate, report, opinion, bond, or other document or paper reasonably believed by him to be signed by the proper party or parties.

Section 5.4 Not Acting In Individual Capacity. Except as expressly provided herein to the contrary, in acting hereunder, the Voting Trustee acts solely as a trustee and not in his individual capacity. All persons, other than Waugh, having a claim against the Voting Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

Section 5.5 Fees. In addition to any other amounts payable to the Voting Trustee hereunder, Waugh shall pay to the Voting Trustee (a) on May 1, 2000 an upfront fee of \$2,500 and (b) until the termination of this Agreement in accordance with Section 10.2, a fee of \$2,500 which shall be payable annually in advance upon receipt of an invoice from the Voting Trustee.

ARTICLE VI

INDEMNIFICATION BY WAUGH

Section 6.1 Waugh to Indemnify Voting Trustee.

(a) Scope of Indemnification. Waugh hereby agrees to indemnify, protect, save and keep harmless the Voting Trustee in his individual capacity, and his successors, permitted assigns, directors, officers, employees, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by the Voting Trustee on or measured by any compensation received by the Voting Trustee for his services hereunder and excluding taxes unrelated to the transactions contemplated hereby), claims, actions, suits, out-of-pocket costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses but excluding internal costs and expenses such as salaries and overhead) of any kind and nature whatsoever imposed on, incurred by or asserted against the Voting Trustee in his individual capacity, or any of his successors, permitted assigns, directors, employees, officers, servants or agents in any way relating to or arising out of this Agreement or any of the other documents to which the Voting Trustee is a party, or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Voting Trustee hereunder.

(b) Limitation on Indemnification. Waugh shall not be required to indemnify the Voting Trustee in his individual capacity (i) in the case of (and the Voting Trustee in his individual capacity agrees to assume liability for and hold Waugh harmless from) all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, out-of-pocket costs, expenses or disbursements (including, without any limitation, legal fees and expenses) of any kind and nature whatsoever resulting from or arising out of or which would not have occurred but for or which is in the nature of one or more of the following: (a) the willful misconduct or gross negligence on the part of the Voting Trustee or his successors, assigns, servants, agents, affiliates or employees in the performance or nonperformance of his duties hereunder; or (b) breach by the Voting Trustee, in his individual capacity, of his covenants in Article V; or (c) the failure of the Voting Trustee to use ordinary care to disburse funds. The indemnities contained in this Section 6.1 extend to the Voting Trustee only in his individual capacity and shall not be construed as indemnities of the Trust Estate (except to the extent, if any, that the Voting Trustee has been reimbursed by the Trust Estate for amounts covered by the indemnities contained in this Section 6.1).

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(c) **Indemnities Survive Termination of Agreement.** The indemnities contained in this Section 6.1 shall survive the termination of this Trust Agreement. The payor of any indemnity under this Section 6.1 shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

(d) **Limitation on Voting Trustee's Duties and Liability.** The Voting Trustee shall have no duties or responsibilities other than those expressly set forth in this Agreement. The parties hereto expressly agree that the Voting Trustee shall, in his sole discretion, be entitled to vote the Designated Shares and shall not be liable to the other parties hereto or to anyone else for any loss which may be incurred by reason of the Voting Trustee (i) in his sole discretion voting the Designated Shares, or (ii) taking any action taken or omitting to take any action in the good faith exercise of his own best judgment.

ARTICLE VII

VOTING RIGHTS

Section 7.1 **In General.** Notwithstanding any other provision of this Agreement, but subject to the other provisions of this Article VII, from and after the effectiveness of this Agreement in accordance with Section 10.1 hereof and until termination of this Agreement and the Trust Estate, (i) Waugh shall not have the rights to direct or control the Voting Trustee hereunder in connection with matters involving the voting of the Designated Shares by the Voting Trustee (the "Voting Rights"), and (ii) the Voting Trustee shall have absolute and complete discretion to exercise, or refrain from exercising, the Voting Rights in all matters as to which Waugh otherwise would have had any Voting Rights but for the provision of this Article. The Voting Trustee's discretion with respect to the Voting Rights is expressly limited to the Voting Rights that, but for the provisions of this Article, would be held by Waugh, and does not extend to any other rights, powers or privileges in respect of Waugh's beneficial interest in the Trust Estate.

ARTICLE VIII

SUCCESSOR VOTING TRUSTEES

Section 8.1 Resignation of Voting Trustee; Appointment of Successor.

(a) **Resignation or Removal.** The Voting Trustee or any successor Voting Trustee may resign at any time without cause by giving at least 30 days' prior written notice to Waugh. Such resignation will be effective upon the acceptance of appointment by the successor Voting Trustee under Section 8.1 (b) hereof. Moreover, Waugh may at any time remove the Voting Trustee FOR CAUSE by a notice in writing delivered to the Voting Trustee. Such removal will be effective upon the acceptance of appointment by the successor Voting Trustee under Section 8.1 (b) hereof. In the case of resignation or removal of the Voting Trustee, Waugh may appoint a successor Voting Trustee by an instrument signed by Waugh. If a successor Voting Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Voting Trustee or Waugh may apply to any court of competent jurisdiction to appoint a successor Voting Trustee to act until such time, if any, as a successor shall be appointed as provided in this Section 8.1 (a). Any successor Voting Trustee so appointed by such court immediately shall and without further act be superseded by any successor Voting Trustee appointed as provided in this Section.

(b) **Execution and Delivery of Documents.** Any successor Voting Trustee, however appointed, shall execute and deliver to the predecessor Voting Trustee an instrument accepting such appointment, and thereupon such successor Voting Trustee, without further act, shall become vested with all of the estates, properties, rights, powers, duties and trusts of the predecessor Voting Trustee in the trust hereunder with like effect as if originally named the Voting Trustee. Such predecessor Voting Trustee shall execute and deliver an instrument transferring to such successor Voting Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Voting Trustee. Such predecessor Voting Trustee shall duly assign, transfer, deliver and pay over to such successor Voting Trustee all monies or other property then held by such predecessor Voting Trustee upon the trusts herein expressed.

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ARTICLE IX

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

Section 9.1 Supplements and Amendments. This Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by the Voting Trustee and Waugh.

ARTICLE X

MISCELLANEOUS

Section 10.1 Effectiveness of Agreement. This Agreement shall become effective on the date of this Agreement.

Section 10.2 Termination of Agreement.

(a) In General. This Agreement and the trusts created hereby shall be of no further force and effect upon the fifth anniversary date of this Agreement.

(b) Transfer. Upon the termination of this Agreement as described in Section 10.2 hereof, Waugh, or any person designated by him, without further act, shall become vested with all right, title and interest in the Trust Estate. Upon the written request of Waugh, the Voting Trustee shall deliver to Waugh or such designee, as the case may be, the certificates representing the Designated Shares, duly endorsed, and shall pay over to Waugh or such designee, as the case may be, all monies or other property then held by the Voting Trustee upon the trusts therein expressed.

Section 10.3 Voting Trustee Has All Legal Title In Trust Estate. The Voting Trustee shall have all legal title to any part of the Trust Estate. Prior to the termination of this Agreement in accordance with Section 10.2 hereof, no transfer, by operation of law or otherwise, or any right, title and interest of Waugh in and to the Trust Estate shall operate to terminate this Agreement or the trusts hereunder or entitle any successors or transferees of Waugh to an accounting or to the transfer of legal title to any part of the Trust Estate.

Section 10.4 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing by certified mail, return receipt requested, postage prepaid and (a) if to the Voting Trustee to him at his address set forth immediately below:

Raymond A. Hebrank
24544 Gardenstone Lane
West Hills, California 91307

or (b) if to Waugh, addressed to him at his address set forth below:

Pendleton C. Waugh
14304 Olympic Court
Dallas, Texas 75234

Whenever any notice in writing is required to be given hereunder by the Voting Trustee or Waugh, such notice shall be considered given and such requirements satisfied if such notice is delivered by hand or is sent by overnight courier certified mail, return receipt requested, postage prepaid or telex or telecopies (confirmed promptly by certified mail, return receipt requested, postage prepaid). In each case the notices will be addressed as set forth above.

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Section 10.5 Severability. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.6 Counterparts. The parties hereto in separate counterparts may execute this Agreement. Each counterpart when so executed and delivered shall be considered an original. However, all such counterparts together shall constitute but one and the same instrument.

Section 10.7 Binding Effect. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Voting Trustee and Waugh, and their respective successors and assigns.

Section 10.8 Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with the laws of the State of Texas, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Voting Trust Agreement as of the day and year first above written.

Raymond A. Hebrank, Voting Trustee

Raymond A. Hebrank

Pendleton C. Waugh

Pendleton C. Waugh

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AMENDED AND RESTATED VOTING TRUST AGREEMENT

This Amended and Restated Voting Trust Agreement, dated as of April 14, 2005 between Pendleton C. Waugh ("Waugh"), a person entitled to receive shares of Common Stock of Preferred Communication Systems, Inc., a Delaware corporation ("Preferred") and Ray A. Hebrank, in his individual capacity only as expressly stated herein and otherwise not in his individual capacity but solely as trustee hereunder (herein in his capacity as trustee, with his permitted successors and assigns, the "Voting Trustee").

WITNESSETH:

WHEREAS, Waugh and Hebrank entered into a Voting Trust Agreement on April 14, 2000 that provided for termination upon its fifth anniversary; and

WHEREAS, Waugh and Hebrank desire to extend the term of the Voting Trust Agreement for an additional five (5)-year term;

NOW THEREFORE, in consideration of the foregoing recitals and of the mutual covenants set forth herein, and other good and valuable consideration, the receipt of which are acknowledged by the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

Section 1.1 Certain Definitions. Unless the context otherwise shall require, the capitalized terms used herein shall have the respective meanings contained in this Section 1.1 for all purposes hereof. All definitions contained in this Section 1.1 equally shall be applicable to both the singular and plural forms of the defined terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Designated Shares" means the shares of Preferred Communication Systems, Inc. Common Stock, par value \$.001 per share to be issued to the Voting Trust established by this Agreement.

"Designated Warrants" means the Common Stock Purchase Warrants of Preferred Communication Systems, Inc. to be issued to the Voting Trust established by this Agreement.

"Designated Stock Options" means the restricted options to purchase shares of Preferred Communication Systems, Inc. to be issued to the Voting Trust established by this Agreement.

"For Cause" means breach by the Voting Trustee of his obligations expressly set forth in this Agreement.

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"Liens" means any mortgage, lien pledge, charge, security interest, encumbrance, privilege, or priority of any kind, including without limitation, any conditional sales agreement, capital lease agreement, capital lease or other title retention agreement.

"Trust Estate" means all estate, right, title and interest of Waugh in and to the Designated Shares, together with all dividends and other distributions thereon.

ARTICLE II

GRANTING CLAUSE DECLARATION OF TRUST

Section 2.1 Granting Clause. Waugh hereby grants, bargains, sells, assigns, transfers and conveys unto the Voting Trustee and his successors and assigns all of his right, title and interest in and to the Trust Estate.

Section 2.2 Declaration of Trust. The Voting Trustee hereby declares that he shall hold the Trust Estate for the use and benefit of Waugh as more particularly set forth in Article III hereof.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

Section 3.1 Payments to Voting Trustee; Other Parties. All payments of any kind included in the Trust Estate received by the Voting Trustee and any other amount received as part of the Trust Estate and for the application or distribution forthwith upon receipt is made herein, shall be distributed forthwith upon receipt by the Voting Trustee in the following order of priority: first, so much of the payment as shall be reasonable to reimburse the Trustee for any reasonable out-of-pocket expenses not otherwise paid as to which the Voting Trustee is entitled to be reimbursed pursuant to the provisions hereof shall be retained by the Voting Trustee; and second, the balance, if any, shall be paid to Waugh.

Section 3.2 Method of Payments. In the case of distributions that are to be made by the Voting Trustee to Waugh pursuant to this Article III, such distributions shall be made by transferring by wire transfer the amount to be distributed to such account or accounts of Waugh, or such other accounts of other persons, as Waugh may by writing designate from time to time to the Voting Trustee.

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ARTICLE IV

DUTIES OF THE VOTING TRUSTEE

Section 4.1 Action Upon Instructions. Subject to the terms of Article VII and Section 4.2 hereof, upon the written instructions at any time and from time to time of Waugh, the Voting Trustee shall take such of the following actions as may be specified in such instructions: (i) give such notice or direction, or exercise such right, remedy or power hereunder, or in respect of all or any part of the Trust Estate, or take such other action as shall be specified in such instructions and (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions.

Section 4.2 Indemnification of Voting Trustee. The Voting Trustee shall not be required to take any action under Section 4.1 (other than the giving of notices referred to therein) hereof unless the Voting Trustee shall have been indemnified by Waugh (including pursuant to Section 6.2 hereof) or another person acceptable to the Voting Trustee, in manner and form satisfactory to the Voting Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) that may be incurred in connection therewith. Moreover, if Waugh shall have directed the Voting Trustee to take any such action or refrain from taking such action, Waugh agrees to furnish, or cause another person to furnish, such indemnity as shall be required and, in addition to, pay reasonable compensation to the Voting Trustee for the services he has performed or will perform pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Voting Trustee in connection therewith.

Section 4.3 No Duties Except as Specified in This Agreement. Except as expressly required by the terms of any of the agreements to which the Voting Trustee is a party, or as read into this Agreement against or in favor of the Voting Trustee, the Voting Trustee shall not have any duty, power or obligation to manage, control, use, sell, convert, exchange, dispose of, or otherwise deal with the Designated Shares, or any interest therein or any part of the Trust Estate, or otherwise to take or refrain from taking any action under, or in connection with any of the documents to which the Voting Trustee is a party. The Voting Trustee agrees that he shall, in his individual capacity and at his own cost and expense (but without any right of indemnity in respect of such cost and expense under Article VI hereof), promptly take such action as may be necessary to duly discharge and satisfy in full all Liens attributable either to actions taken by him or his failure to act in violation of this Agreement or of any other agreement to which he is a party.

Section 4.4 No Action Except Under This Agreement. The Voting Trustee agrees that he shall not manage, control, use, sell, convert, exchange, dispose of, or otherwise deal with the Designated Shares or any part of the Trust Estate except as expressly provided by the terms hereof.

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ARTICLE V

THE VOTING TRUSTEE

Section 5.1 Acceptance of Trust and Duties. The Voting Trustee in his individual capacity accept the trust hereby created and agrees, as Voting Trustee, to perform the same but only under the terms hereof applicable to his duties. The Voting Trustee also agrees to receive and disburse all monies received by him constituting part of the Trust Estate upon the terms hereof. The Voting Trustee, in his individual capacity, shall not be answerable or accountable under any circumstances, except for: (a) his own willful misconduct or gross negligence; (b) performance of the terms of the last sentence of Section 4.3, and (c) his failure to use ordinary care to disburse funds.

Section 5.2 No Segregation of Monies Required; No Interest. Except to the extent required by law, monies received by the Voting Trustee hereunder need not be segregated in any manner. The Voting Trustee may deposit such monies as may be required under such general conditions as may be prescribed by law. The Voting Trustee shall not be liable for any interest thereon.

Section 5.3 Reliance Upon Certificates. The Voting Trustee shall incur no liability to anyone acting in reliance upon any signature, instrument, notice resolution, request, consent, order, certificate, report, opinion, bond, or other document or paper reasonably believed by him to be signed by the proper party or parties.

Section 5.4 Not Acting In Individual Capacity. Except as expressly provided herein to the contrary, in acting hereunder, the Voting Trustee acts solely as a trustee and not in his individual capacity. All persons, other than Waugh, having a claim against the Voting Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

Section 5.5 Fees. In addition to any other amounts payable to the Voting Trustee hereunder, Waugh acknowledges and agrees that he is obligated to pay to the Voting Trustee (a) an upfront fee of \$2,500 and (b) until the termination of this Amended Voting Trust Agreement in accordance with Section 10.2, an annual fee of \$10,000 which shall be payable annually in advance upon receipt of an invoice from the Voting Trustee.

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ARTICLE VI

INDEMNIFICATION BY WAUGH

Section 6.1 Waugh to Indemnify Voting Trustee.

(a) **Scope of Indemnification.** Waugh hereby agrees to indemnify, protect, save and keep harmless the Voting Trustee in his individual capacity, and his successors, permitted assigns, directors, officers, employees, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by the Voting Trustee on or measured by any compensation received by the Voting Trustee for his services hereunder and excluding taxes unrelated to the transactions contemplated hereby), claims, actions, suits, out-of-pocket costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses but excluding internal costs and expenses such as salaries and overhead) of any kind and nature whatsoever imposed on, incurred by or asserted against the Voting Trustee in his individual capacity, or any of his successors, permitted assigns, directors, employees, officers, servants or agents in any way relating to or arising out of this Agreement or any of the other documents to which the Voting Trustee is a party, or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Voting Trustee hereunder.

(b) **Limitation on Indemnification.** Waugh shall not be required to indemnify the Voting Trustee in his individual capacity (i) in the case of (and the Voting Trustee in his individual capacity agrees to assume liability for and hold Waugh harmless from) all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, out-of-pocket costs, expenses or disbursements (including, without any limitation, legal fees and expenses) of any kind and nature whatsoever resulting from or arising out of or which would not have occurred but for or which is in the nature of one or more of the following: (a) the willful misconduct or gross negligence on the part of the Voting Trustee or his successors, assigns, servants, agents, affiliates or employees in the performance or nonperformance of his duties hereunder; or (b) breach by the Voting Trustee, in his individual capacity, of his covenants in Article V; or (c) the failure of the Voting Trustee to use ordinary care to disburse funds. The indemnities contained in this Section 6.1 extend to the Voting Trustee only in his individual capacity and shall not be construed as indemnities of the Trust Estate (except to the extent, if any, that the Voting Trustee has been reimbursed by the Trust Estate for amounts covered by the indemnities contained in this Section 6.1).

(c) **Indemnities Survive Termination of Agreement.** The indemnities contained in this Section 6.1 shall survive the termination of this Trust Agreement. The payor of any indemnity under this Section 6.1 shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

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(d) **Limitation on Voting Trustee's Duties and Liability.** The Voting Trustee shall have no duties or responsibilities other than those expressly set forth in this Agreement. The parties hereto expressly agree that the Voting Trustee shall, in his sole discretion, be entitled to vote the Designated Shares and shall not be liable to the other parties hereto or to anyone else for any loss which may be incurred by reason of the Voting Trustee (i) in his sole discretion voting the Designated Shares, or (ii) taking any action taken or omitting to take any action in the good faith exercise of his own best judgment.

ARTICLE VII

VOTING RIGHTS

Section 7.1 In General. Notwithstanding any other provision of this Agreement, but subject to the other provisions of this Article VII, from and after the effectiveness of this Agreement in accordance with Section 10.1 hereof and until termination of this Agreement and the Trust Estate, (i) Waugh shall not have the rights to direct or control the Voting Trustee hereunder in connection with matters involving the voting of the Designated Shares by the Voting Trustee (the "Voting Rights"), and (ii) the Voting Trustee shall have absolute and complete discretion to exercise the Voting Rights in all matters as to which Waugh otherwise would have had any Voting Rights but for the provision of this Article. The Voting Trustee's discretion with respect to the Voting Rights is expressly limited to the Voting Rights that, but for the provisions of this Article, would be held by Waugh, and does not extend to any other rights, powers or privileges in respect of Waugh's beneficial interest in the Trust Estate.

ARTICLE VIII

SUCCESSOR VOTING TRUSTEES

Section 8.1 Resignation of Voting Trustee; Appointment of Successor.

(a) **Resignation or Removal.** The Voting Trustee or any successor Voting Trustee may resign at any time without cause by giving at least 60 days' prior written notice to Waugh. Such resignation will be effective upon the acceptance of appointment by the successor Voting Trustee under Section 8.1 (b) hereof. Moreover, Waugh may at any time remove the Voting Trustee for cause by a notice in writing delivered to the Voting Trustee. Such removal will be effective upon the acceptance of appointment by the successor Voting Trustee under Section 8.1 (b) hereof. In the case of resignation or removal of the Voting Trustee, Waugh may appoint a successor Voting Trustee by an instrument signed by Waugh. If a successor Voting Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Voting Trustee or Waugh may apply to any court of competent jurisdiction to appoint a successor Voting Trustee to act until such time, if any, as a successor shall be appointed as provided in this Section 8.1 (a). Any successor Voting Trustee so appointed by such

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court immediately shall and without further act be superseded by any successor Voting Trustee appointed as provided in this Section.

(b) **Execution and Delivery of Documents.** Any successor Voting Trustee, however appointed, shall execute and deliver to the predecessor Voting Trustee an instrument accepting such appointment, and thereupon such successor Voting Trustee, without further act, shall become vested with all of the estates, properties, rights, powers, duties and trusts of the predecessor Voting Trustee in the trust hereunder with like effect as if originally named the Voting Trustee. Such predecessor Voting Trustee shall execute and deliver an instrument transferring to such successor Voting Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Voting Trustee. Such predecessor Voting Trustee shall duly assign, transfer, deliver and pay over to such successor Voting Trustee all monies or other property then held by such predecessor Voting Trustee upon the trusts herein expressed.

ARTICLE IX

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

Section 9.1 Supplements and Amendments. This Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by the Voting Trustee and Waugh.

ARTICLE X

MISCELLANEOUS

Section 10.1 Effectiveness of Agreement. This Amended and Restated Voting Trust Agreement shall become effective on the date set forth herein.

Section 10.2 Termination of Agreement.

(a) **In General.** This Agreement and the trusts created hereby shall be of no further force and effect upon the fifth anniversary date of this Amended and Restated Voting Trust Agreement.

(b) **Transfer.** Upon the termination of this Agreement as described in Section 10.2 hereof, Waugh, or any person designated by him, without further act, shall become vested with all right, title and interest in the Trust Estate. Upon the written request of Waugh, the Voting Trustee shall deliver to Waugh or such designee, as the case may be, the certificates representing the Designated Shares, duly endorsed, and shall pay over to Waugh or such designee, as the case may be, all monies or other property then held by the Voting Trustee upon the trusts therein expressed.

Section 10.3 Voting Trustee Has All Legal Title In Trust Estate. The Voting

Trustee shall have all legal title to any part of the Trust Estate. Prior to the termination of this Agreement in accordance with Section 10.2 hereof, no transfer, by operation of law or otherwise, or any right, title and interest of Waugh in and to the Trust Estate shall operate to terminate this Agreement or the trusts hereunder or entitle any successors or transferees of Waugh to an accounting or to the transfer of legal title to any part of the Trust Estate.

Section 10.4 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing by certified mail, return receipt requested, postage prepaid and (a) if to the Voting Trustee to him at his address set forth immediately below:

Ray A. Hebrank
7344 Topanga Canyon Blvd.
Canoga Park, California 91303

or (b) if to Waugh, addressed to him at his address set forth below:

Pendleton C. Waugh
14304 Olympic Court
Dallas, Texas 75234

Whenever any notice in writing is required to be given hereunder by the Voting Trustee or Waugh, such notice shall be considered given and such requirements satisfied if such notice is delivered by hand or is sent by overnight courier certified mail, return receipt requested, postage prepaid or telex or telecopies (confirmed promptly by certified mail, return receipt requested, postage prepaid). In each case the notices will be addressed as set forth above.

Section 10.5 Severability. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.6 Counterparts. The parties hereto in separate counterparts may execute this Agreement. Each counterpart when so executed and delivered shall be considered an original. However, all such counterparts together shall constitute but one and the same instrument.

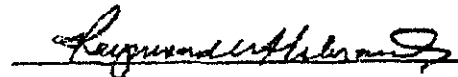
Section 10.7 Binding Effect. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Voting Trustee and Waugh, and their respective successors and assigns.

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Section 10.8 Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with the laws of the State of Texas, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Voting Trust Agreement as of the day and year first above written.

Ray A. Hebrank, Voting Trustee



Pendleton C. Waugh

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ATTACHMENT C